Volume 10, Issue 19   Atari Online News, Etc.   May 9, 2008

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->From the Editor's Keyboard   "Saying it like it is!"
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I must be getting old(er)! Either I'm more out of shape from a long and
lethargic winter, or I might just have to admit that I'm getting older!
Gotta be the long winter! I think that I just have to get out more, get
some exercise, and get back into some semblance of condition! Some nice
weather (and that's something we haven't had a whole lot of lately!)
would give me some inclination to do just that. Heck, it hasn't even
been too nice around here to get back out and play some golf! Ouch!

So, for another week, I just haven't had a lot of time to really sit down
and contemplate a topic or two to get your brain cells a-churning! So,
before I start to ramble on about about yard work (plenty of it!) and the
lousy weather (plenty of that too!), I'll just quit while I'm ahead, and
relax these poor muscles in a nice soft easy chair for awhile!

Until next time...

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                        PEOPLE ARE TALKING
                      compiled by Joe Mirando
                        joe@atarinews.org

The following is pieced together excerpts from a Florida television
station web page. My comments follow. The story comes from:
http://www.tampabays10.com/news/local/article.aspx?storyid=79533

                   Magic trick costs teacher job

     Land 'O Lakes, Florida -- The stories in the news about
     inappropriate relationships between teachers and students have been
     overwhelming. There was even a substitute teacher in New Port
     Richey who got in trouble after investigators say she had a
     relationship with an underage student.

Well, another Pasco County substitute teacher's job is on the line, but this time it's because of a magic trick.

The charge from the school district - Wizardry!

Substitute teacher Jim Piculas does a 30-second magic trick where a toothpick disappears then reappears.

But after performing it in front of a classroom at Rushe Middle School in Land 'O Lakes, Piculas said his job did a disappearing act of its own.

"I get a call the middle of the day from the supervisor of substitute teachers. He says, 'Jim, we have a huge issue. You can't take any more assignments. You need to come in right away,'" he said.

When Piculas went in, he learned his little magic trick cast a spell that went much farther than he'd hoped.

"I said, 'Well Pat, can you explain this to me?' 'You've been accused of wizardry,' [he said]. Wizardry?" he asked.

Tampa Bay's 10 talked to the assistant superintendent with the Pasco County School District who said it wasn't just the wizardry and that Picular had other performance issues, including "not following lesson plans" and allowing students to play on unapproved computers.

Piculas said he knew nothing about the accusations.

"That... I think was embellished after the fact to try to cover what initially what they were saying to me," he said.

After the magic trick, Rushe's principal requested Piculas be dismissed. Now, Piculas believes the incident may have bewitched his ability to get a job anywhere else.

"I still have no idea what my discipline involves because I've never received anything from the school district actually saying what it entails," said Piculas.

As a substitute teacher, the Pasco County School District considers Piculas to be an "at will employee." That means the district doesn't need to have cause for not bringing him back at all.

Now, if I were part of the administration of this particular school system, I'd just chuck it all. I'd buy myself a boat and a bunch of Jimmy Buffett CDs, and go on an extended vacation.

Let's face it: The substitute's magic trick WAS the reason he was let go. How do I know that? Simple. If it wasn't, this assistant superintendent would have said "it wasn't the magic trick, it was because he wasn't following lesson plans, and he let the kids use computers when they weren't supposed to".

Did he say that? No. He said "It wasn't JUST the wizardry"! JUST the wizardry? What's next? Are they gonna "throw out them thar computin' machine thangs"? Will they get rid of science books that steadfastly

maintain that the Earth revolves around the sun, even though a quick read of the Bible reveals the truth? Will they replace standardized testing of teachers for hire with a dunking chair or by searching their bodies for a "Devil's Mark"?

Have we completely forgotten what school is? Do you expect to be able to turn out world-class scientists, artists, philosophers, etc. by worrying about 'wizardry'?

This one is right up there with those 'Creation Museums'. You know the ones. The ones run by fundamentalists who believe that the Earth is only 6,000 years old, and that it was actually created in six literal days.

Now, if you want to believe that, go right ahead. I'll even fight for your right to believe it. But will you then also refuse modern medicines because they're based on the very sciences that your belief system refutes? Will you forego even simple things like microwave ovens because they're based on that godless quantum physics and the work of that atheist Einstein?

Give me a second to see if I can find a picture from one of the Creation Museums... nope.... I seem to have lost the link. There WAS a picture out there on one of the Creation Museum web sites that had a dinosaur with a saddle on it, being ridden by a caveman.

I'm sorry folks, but I knew that this was silliness the first time I saw it... back when I was about 8 years old... when it was called THE FLINTSONES.

I'm all in favor of you being able to believe whatever you want... but your rights shouldn't interfere with the rights of others. You don't have to right to demand that someone else believe as you do. And I don't care how religious or holy you think you are, faith-based science is an oxymoron. I just don't understand why some people feel that faith and science are mutually exclusive. The narrow-mindedness necessary to make the two mutually exclusive in your head just blows me away. Of course, I believe in a 'living Constitution' too. [grin]

Well, enough of that. Let's get to the news, hints, tips and info from the UseNet.

From the comp.sys.atari.st NewsGroup
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Francois Le Coat asks about XaAES:

"If I trust what's written in the freeMiNT mailing-list at

    <http://tinyurl.com/59efu7>

by Frank Naumann, there is a very recent tagged version in the freeMiNT & XaAES developments' CVS.

What I would like to know is about a binary release of kernel, AES and tools. It use to be released binary at unofficial WEB

    <http://xaaes.atari.org/>

but it's not. Not either on official sparemint atariforge
or <ftp://sparemint.org/pub/sparemint/mint/kernel>, strange.

Is there a public announce currently pending ? Is there a
binary package prepared for those who can't build the binaries
themselves ? Any good news about freeMiNT & XaAES release ?

We're looking forward to get binaries, not RPM please but in
an ATARI readable format, if you care for "old school" users."

Martin Byttebier asks Francois:

"What's wrong with RPM? IMHO, RPM is as much readable as anything else
on a MiNT based system.

Anyway if you really want a for you readable format get the RPM's and
extract it. Then you can make a gzip or whatever for you suitable
format.

rpm2cpio foo_bar.rpm | cpio -ivd

-i extract the files
-v show name and size of every file in the rpm
-d create the needed dirs "

Francois replies:

"I'm working with a minimal ATARI disk image that doesn't include
a command shell. I really can't install RPM packages. If I could
install packages, that'd mean I would have installed a peculiar
freeMiNT distribution, what I haven't done ... It's a simple
"old school" ATARI installation, looking like what was installed
with my Falcon30 in 1993 when Multitos was provided with it.

The minimal installation disk image I'm working on is located at

    <http://eureka.atari.org/xa-my-aes.zip>

The command line shell is not strictly required for an ATARI OS.

This is also the case of my Hades 60 that boots with freeMiNT 1.15.12
and N.AES 2.0, because I had so many troubles with recent kernels. RPM
packages are useless for me, and I won't change that. I already tried
to install recent kernels, but I was forced to reformat my hard disk
and reinstall from CDROM backup, from scratch, really painful indeed.

So, because I can't handle RPM with freeMiNT, I must do it with
`rpm2cpio` with a Linux Red Hat like distribution (Mandriva).

It would be very simple for peoples like me to release kernel,
AES and tools (not all the freeMiNT distribution) like it always
used to be done :

    <ftp://sparemint.org/pub/sparemint/mint/kernel>

It's about four years there's no such a release I'm afraid."

Phantomm asks for help with his MegaST:

"I've run into a weird problem with a Mega ST. Maybe someone who still
reads this group may have seen something similar or knows more about
the mega chips.

Upon boot up the internal drive will not read any disk (even a blank
format). The desktop will come up on screen and I can change
resolutions. However if I attach a 2nd Disk Drive, the Mega ST seems to
try to format the drive(disk).

I can try to access the internal drive from the desktop, when doing so,
the drive sounds like there is no disk in the drive to read.

I though that the Drive chip may be bad, but I know that other chips in
the Mega also have something to do with Drive signals. I think the
Sound Chip and maybe the Video Shifter relate drive signals, but not
sure what part each control?

And does the keyboard have anything to do with the drives?

The Mega is a version 5.0xxx motherboard. with TOS 1.4.
Stock unit with 4megs. Used very little."

Ronald Hall tells Phantomm:

"I know you've got a lot of other ST stuff lying around - how
about switching out the floppy drive with a known working one? At least
that way, you could rule out the drive, before you started chip-chasing.
The Mega models aren't too hard to take apart."

Phantomm tells Ronald:

"[I've] already switched out the internal drive, with a known working
mech and got the same results. Also tried an original Atari external
disk drive and a GoldenImage which all work fine on my 1040STe. I
replaced the power supply and it's purring like a panther. I mean
kitten.

I've had the Mega apart, as I was going to do a few upgrades before this
problem came up.

Reason I ask about the keyboard, is I plugged in a TT keyboard before
this problem came up. Unless all TT keyboards are the same, the one I
used seems to be a non-US version.

Due to what appears to be a Sign for the UK Pound on one of the number
Keys.

I then tried a original Mega keyboard but get the same. I think it's a
chip problem. By the way, the mega acts, you'd think it has its NVRAM
messed up. But the mega doesn't have NVRAM.

If a bad keyboard can mess up the drives then it's possible that I have
2 bad keyboards, I have another Mega keyboard that I'm getting ready to
try just to make sure. Then going after the Yamaha chip.
Most of the chips in this mega are socketed, maybe one's loose."

Mitchell Spector tells us that he...

"...Found and bought an Atari ST (1024 FM) tonight for $3!
Figured I should grab it up, years ago I bought a 520 FM
and never was able to do much with it, considering its
lack of memory and single-sided floppy drive.

This one is in good cosmetic shape, apart from the
'Backspace' key steam broken (nothing some crazy
glue won't fix) and coming with a generic PC serial
mouse with an AM/AT switch on bottom. Still, I'm now
wondering if it's dead or alive...

Plugged into the RF connector to my TV set but all I
get is a black screen. If I tap on the keyboard, I get a
"beep" feedback sound through the TV's speakers if
that means anything. I can hear the floppy drive trying
to seek, looking for a disk for about a minute, but when
it gives up, GEM does *not* load up. Shouldn't be in ROM?
The power LED for the floppy stays lit up orange, it never
goes out. Shouldn't I see some image on screen?

I tried an old Windows-based program called WDFCopy
v0.09 to create a bootable disk, but after inserting it in the
ST, it just gives up after a few brief seconds (not certain it
created a proper disk though, it's been years since I last
tried tinkering with an Atari ST).

Anyhow, I used the Apple IIGS back in the 80's, and
tinkered with the Amiga on and off in the 90's but never
had a chance to play with the Atari ST. Any chance of
getting this one working, or am I out of luck, again?"

Mark Bedingfield tells Mitchell:

"Its not serial, its an Amiga/Atari mouse.

It [TOS/GEM] is in ROM.

[The solid orange LED floppy status light] can occur if there is no disk
in the drive and the desktop hasn't booted.

You should see the green desktop.

I would build/buy a video cable to suit composite output. It is better
than mucking around trying to tune the TV to as a monitor.

Something like this;

http://tinyurl.com/5fftyf

To make a composite cable you just use pins 1, 2 and 13. I will draw a
schematic for you when I get a minute. Bugger it, here you go;

http://members.optusnet.com.au/~startreks/stcct.html "

Mitchell replies:

"Ahh, that's what the AM/AT stands for (AMiga/ATari) [on the mouse].
At the very least it looked like a modified PC serial mouse,
underneath the switch I can see "MS" and "PC" embedded
in the plastic. Interesting, I have a similar Amiga mouse with
the same switch and never realized it was Atari compatible."

Well folks, that's it for this time around. Tune in again next week,
same time, same station, and be ready to listen to what they're saying
when...

PEOPLE ARE TALKING

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->In This Week's Gaming Section - 'Mario Kart Wii' Is Familiar!
  """"""""""""""""""""""""""""""   Video Games Don't Create Killers!
                                   Atari Gets Delisted!

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->A-ONE's Game Console Industry News   - The Latest Gaming News!
  """""""""""""""""""""""""""""""""""

                 'Mario Kart Wii' Is Familiar - In A Good Way

There s an old saying that goes "if it ain t broke, don t fix it," and
Nintendo definitely took that to heart when they made Mario Kart Wii.

That s a good thing.

The E-rated Mario Kart Wii has all the things fans love about the
family-friendly racing series: Players still slide through corners in
order to gain speed bursts, and use crazy power-ups, like banana peels
and turtle shells, to make their competitors spin out, but there are some
new tricks to learn as well.

Mario Kart Wii features the usual Nintendo characters, but this time you
can also race as your very own Mii (that s your Wii avatar). And along
with 16 new racetracks, there are 16 retro tracks ripped right out of
previous Mario Kart titles.

Plus, for the first time ever in franchise history, you can ride
motorbikes. Like the karts, bikes get power boosts when you slide them
through corners, but bikes can also get a power boost by popping a
wheelie. You have to be careful though, as you re more susceptible to spin

outs while your tire is in the air - not to mention it s much harder to steer that way.

The most delightful part of "Mario Kart Wii" is that it's playable online via Nintendo's Wi-Fi connection, letting you race your friends either beside you in the room or halfway around the world - or even both at the same time. The game allows two people using the same Wii to play online simultaneously (though a second controller will be needed, natch).

The online aspect of the game actually outshines the single player mode. Not only does it allow for up to 12 people to race at once, it lessens the "rubberband" effect (the clumping together of karts by the game s artificial intelligence) that the series has been faulted for in the past. Those pesky power-ups still keep the better players from really pulling away from the pack, but racing against real people instead of an A.I. definitely makes for an improved experience.

Furthermore, while these matches are being set up, you ll be shown each racer s Mii and where on the globe they come from. It s a charming little touch that reminds us just how small our world has become.

But the best part about playing online is that it s all included in the game s $49.99 price tag (though you do have to provide your own Internet service).

On the downside, to connect with your peeps online you have to enter a clunky 12-digit friend code. Even when you do hook up with them you can t chat, as there s no voice support. That is a real shame because Mario Kart Wii is a game ripe for bravado and friendly barbs.

So while Nintendo didn t exactly try to - if you ll pardon the pun - reinvent the wheel with the latest Mario Kart incarnation, they do include one when you purchase the game. It s a small plastic steering wheel that fits into your Wii remote. As gimmicky as it may sound, it actually works pretty well. It s much more comfortable to hold for long periods of time than the remote is by itself.

The wheel also extends the B button (the "trigger" on the bottom of the remote), which makes it easier to press while you re racing. That s good because that B button controls your brakes, something you ll use a lot as you slide into corners and create those speed boosts.

Unfortunately, if you have multiple gamers in your household, buying a second wheel will set you back $14.99, and that s on top of the $39.99 it costs for a second Wii remote.

On the bright side, Mario Kart Wii is designed to work with a bunch of different controllers: the Wii remote either by itself or with the nunchuk attached, the Wii classic controller, and the GameCube controller. Actually, veteran gamers may even prefer to use their old familiar controllers. But no matter which controller you pick, no matter if you re an old fan of the franchise or brand new to gaming, you can instantly pick up Mario Kart Wii and have a fun time.

Video Games Don't Create Killers, New Book Says

Playing video games does not turn children into deranged, blood-thirsty

super-killers, according to a new book by a pair of Harvard researchers.

Lawrence Kutner and Cheryl Olson, a husband-and-wife team at Harvard Medical School, detail their views in "Grand Theft Childhood: The Surprising Truth About Violent Video Games and What Parents Can Do," which came out last month and promises to reshape the debate on the effects of video games on kids.

"What I hope people realize is that there is no data to support the simple-minded concerns that video games cause violence," Kutner told Reuters.

The pair reached that conclusion after conducting a two-year study of more than 1,200 middle-school children about their attitudes towards video games.

It was a different approach than most other studies, which have focused on laboratory experiments that attempt to use actions like ringing a loud buzzer as a measure of aggression.

"What we did that had rarely been done by other researchers was actually talk to the kids. It sounds bizarre but it hadn't been done," Kutner said.

They found that playing video games was a near-universal activity among children, and was often intensely social.

But the data did show a link between playing mature-rated games and aggressive behavior. The researchers found that 51 percent of boys who played M-rated games - the industry's equivalent of an R-rated movie, meaning suitable for ages 17 and up - had been in a fight in the past year, compared to 28 percent of non-M-rated gamers.

The pattern was even stronger among girls, with 40 percent of those who played M-rated games having been in a fight in the past year, compared to just 14 percent for non-M players.

One of the most surprising things was how popular mature games were among girls. In fact, the "Grand Theft Auto" crime action series was the second-most played game behind "The Sims," a sort of virtual dollhouse.

Kutner and Olson said further study is needed because the data shows only a correlation, not causation. It is unclear whether the games trigger aggression or if aggressive children are drawn to more violent games.

"It's still a minority of kids who play violent video games a lot and get into fights. If you want a good description of 13-year-old kids who play violent video games, it's your local soccer team," Olson said.

The researchers also try to place video games in a larger context of popular culture. The anxiety many parents voice over video games largely mirrors the concerns raised when movies, comic books and television became popular.

"One thing I like about their approach is that they've tried to historicize the whole concept of a media controversy and that we've seen this before," said Ian Bogost, a professor at Georgia Tech known for his studies on video games.

The book urges a common-sense approach that takes stock of the entire

range of a child's behavior. Frequent fighting, bad grades, and obsessive
gaming can be signs for trouble.

"If you have, for example, a girl who plays 15 hours a week of
exclusively violent video games, I'd be very concerned because it's very
unusual," Kutner said.

"But for boys (the danger sign) is not playing video games at all,
because it looks like for this generation, video games are a measure of
social competence for boys."

Many video game fans have embraced the pair as champions of the industry,
a label that makes them uncomfortable.

"We're not comfortable doing pro and con. We've been asked to do the
pro-game side in debates, and I don't consider myself a pro-game person.
Video games are a medium," Olson said.

                    Atari Gets Delisted by Nasdaq

Atari, which has gone from a once high-flying video game company to
little more than a placeholder brand name owned by another company,
announced Thursday that it has been delisted by Nasdaq.

The company, which is now fully owned by games publisher Infogrames,
said in a statement that it received a letter on May 7 from Nasdaq
"stating that a Nasdaq listing qualifications panel has determined
to delist Atari Inc.'s securities from the Nasdaq Global Market and will
suspend trading of Atari...shares effective" Friday.

The release also said that Atari plans to appeal the delisting, but that
its doing so would not delay the process of having its shares taken off
of Nasdaq.

On April 30, Infogrames, which owned 51.4 percent of Atari, announced
that it would buy the remaining shares.

All in all, this is an ignominious step in the once-famed Atari's story.
In many ways, Atari started the modern video games industry, and in the
1980s it was one of the biggest names in consumer electronics. But over
the years, its fortunes fell and more recently, it has been little more
than a brand name used by Infogrames.

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                      A-ONE's Headline News
                The Latest in Computer Technology News
                    Compiled by: Dana P. Jacobson

                    Microsoft and Yahoo: Now What?

Microsoft's three-month courtship of Yahoo has ended but it changed both companies forever and neither can expect to return to the way they were.

Microsoft and Yahoo will need to deliver on promises, address questions, reassess and adjust plans and deal with challenges that grew from and during the attempted acquisition.

"The key thing is that both companies are going to have to articulate very clearly what their strategies going forward will be," said Forrester Research analyst Charlene Li in a phone interview.

Yahoo has the most to prove and deliver upon, while facing a more uncertain future.

"For Yahoo, this is a situation of 'Be careful what you wish for,'" said industry analyst Greg Sterling of Sterling Market Intelligence in a phone interview. "Yahoo's directors and management very strongly indicated that they wanted to remain independent and now they get that opportunity."

First order of business for Yahoo will be to monitor its stock, which got a boost after the acquisition bid and now faces a possibly negative reaction from financial markets.

If the stock gets clobbered in the coming days and doesn't rebound, Yahoo could find itself an acquisition target again from other suitors, and possibly under less favorable conditions and terms.

Even if the stock holds up, it's still very likely that Yahoo will be pelted with a flurry of lawsuits from shareholders that feel the company didn't look out for their best interests when rejecting Microsoft's offer.

In addition, Yahoo will have to hustle to deliver on all the ambitious plans and promises it made these past three months, and prove that it can indeed turn its ship around as an independent company.

Financial analyst Clayton Moran from Stanford Group Company is pessimistic about Wall Street's reaction to Yahoo and about the company's ability to significantly improve its financial situation.

"Yahoo has missed an opportunity. We expect the stock to drop materially," he said in an e-mail interview.

Moran doesn't believe that in the coming 12 to 18 months Yahoo's stock will reach the $37 per share value that the company wanted Microsoft to offer and over which negotiations eventually broke down.

"Yahoo's best alternative was to sell to Microsoft. As an independent company, Yahoo has lost market share and struggled to grow cash flow. We suspect these trends will remain intact for the foreseeable future," Moran said.

Beyond the potential financial turmoil, Yahoo will need to follow through on the many lofty projects it has kicked off, such as its new AMP advertising management platform and its Yahoo Open Strategy (YOS) for letting outside developers create applications across its network of sites and services.

"Yahoo has some very ambitious plans they have announced these past three

months and now they have to deliver and start fulfilling the promise some of these projects represent," Sterling said.

"The onus is on Yahoo to explain why it's worth $37 per share and in particular to articulate very quickly what its strategy is, now that it's been given this reprieve," Li said.

It's also unclear how wise it will be of Yahoo to outsource a significant portion of its search advertising business to Google, a deal that, if completed, may be announced as early as next week, according to a source close to Yahoo.

"While Yahoo may pursue a Google search partnership as a way to appease shareholders through enhanced cash flow, we believe such a deal would face intense anti-trust scrutiny. In addition, it would cede control of search to Google," Moran said.

Li isn't convinced that the deal's short-term financial boost will justify passing up the long-term advantage of being able to integrate search into its overall ad strategy. "That's going to be interesting to watch," she said.

Microsoft also has its own set of challenges created by its bid. For starters, it needs to explain how it plans to boost its Internet unit now that the bid collapsed, after outlining many reasons why it needed Yahoo to do it, she said.

This would be a good time for Microsoft to change course and stop vowing to catch Google in search advertising. "That game is over and Google won," Li said.

However, by focusing on unifying display advertising, such as banner ads, with search advertising in a single platform, Microsoft, as well as Yahoo, could compete more effectively against Google, whose display advertising business is very small, she said. The synergy between search and display ads can make both formats significantly more effective and valuable to advertisers, Li said.

While Google has said that it will make significant progress in display ads now that it owns DoubleClick, Li isn't so sure. "Google doesn't have a good feel for the display ad market, which is an old network of agencies and creative types and media people who all know each other from ages ago," she said. "Yahoo and Microsoft really had to earn their way into that space over the past decade."

Since it obviously has the cash, Microsoft should go shopping for other companies that could give it some of the products, services and innovative technology it was hoping to get from Yahoo, said Gartner analyst Allen Weiner. "I'm looking for Microsoft to get aggressive with a buying spree," he said in a phone interview.

In an April 25 report, Moran and his colleague Kevin Buttigieg [cq] listed some companies that, if the Yahoo acquisition failed, might make sense for Microsoft to consider acquiring: Time Warner's AOL, News Corp.'s Fox Interactive (which includes MySpace), ValueClick, CNet and Facebook.

For his part, Weiner thinks we might see Microsoft pursue an acquisition of a video platform provider like Brightcove and ExtendMedia, and an online presence company to complement its strong webmail and IM services

like Twitter.

But whatever it does, Microsoft should take some concrete steps to move on in the public eye. "I think Microsoft should do something quickly to show the world that Yahoo bid wasn't a setback," Weiner said.

Bill Gates Says Microsoft Will Make its Own Advances

Microsoft will pursue independent paths as it figures out how to compete with Google in the aftermath of its failed bid for Yahoo. Speaking at a press conference in Tokyo, Chairman Bill Gates said Microsoft is committed to making its own advances in search and online advertising.

"We will make the advances that give people the great choice there," he said.

While not ruling out deals with other top-tier players, Gates emphasized the current plan is to build new capabilities internally. "The key decisions on (other acquisitions) will be made by Microsoft CEO Steve Ballmer, who took a look at Yahoo and decided that, on our own, he likes the stuff that we're doing," Gates said. "I wouldn't rule out some partnerships, but we don't have anything imminent there."

Despite Ballmer's decision to walk away from a Yahoo takeover and Gates' supportive comments, many analysts think Microsoft will be back later this summer if Yahoo's stock price slides to pre-offer levels.

"If Yahoo misses its forecasts and the stock takes a hit, Microsoft would definitely look to step back in," Ross Sandler, an analyst with RBC Capital Markets, told the San Franciso Chronicle.

While that may be, Gates' comments likely reflect the thinking in Redmond, said Tim Bajarin, principal analyst with Creative Strategies, in an e-mail. "I believe Microsoft learned a lot through this Yahoo bid and most likely ended up giving a great deal of thought about what they need to do to compete if the Yahoo deal did not go through," he said. "I think Gates' comments reflect this and at the moment they seem prepared to go it alone."

Even so, "you cannot rule out the potential of Microsoft at some point entertaining another Yahoo bid if their stock and market value goes down and they could get it for a reduced price," he added.

The roughly $45 billion Microsoft was prepared to spend on Yahoo would go a long way toward internal research and development efforts, said Charles King, principal analyst with Pund-IT, in a telephone interview.

"What Yahoo would have given Microsoft is a much quicker ramp for its online goals," King said. "But that's a lot of money. I don't see any reason they couldn't very effectively invest that money."

In any case, it's not clear what companies other than Yahoo would make sense for Microsoft. One option frequently mentioned is a social-networking company like Facebook. "But there's no evidence Facebook has figured out the online advertising model," King noted.

At the end of the day, does Microsoft's failure to close this deal

further tarnish Microsoft's reputation as the dominant computing company? And with Gates departing soon, how much nervousness is there about Ballmer steering the ship alone? "Anytime there's a changing of the guard, there's a certain amount of anxiety," King said.

"Vista was supposed to be the final polish on Gates' legacy - the world-class operating system for the enterprise. It hasn't worked out the way the company hoped it would," King said. Ballmer is a "very bright, very able guy, he's delivered in the past and he'll continue to deliver in the future," King said, but "he's also under far closer and more intense scrutiny than he's been before."

Microsoft Sends Out Feelers to Facebook

Microsoft Corp gauged Facebook's interest in a possible acquisition after the software giant's failed takeover attempt of Yahoo Inc, the Wall Street Journal reported on Wednesday.

The newspaper reported on its Web site that Microsoft's bankers put out subtle signals to Facebook, the social networking Web site, to see if it would be open to a full acquisition.

The talks were first reported by Web site All Things Digital, owned by Wall Street Journal publisher Dow Jones.

Facebook spokeswoman Brandee Barker declined to comment on the report. Microsoft officials were not immediately available for comment.

In October, Microsoft took a $240 million stake in Facebook, which valued the start-up at $15 billion. Citing an unnamed source, the report said there are no active discussions between the two companies.

The news came a few days after Microsoft dropped its unsolicited offer to buy Yahoo for $47.5 billion. The aim of that proposal was to build an online advertising powerhouse to rival Google Inc.

Facebook, founded in 2004 by Harvard student Mark Zuckerberg, has become one of the hottest properties on the Internet because of its rapid growth and the loyalty of its users. Facebook has more than 70 million active users.

In the past, Zuckerberg has resisted selling the entire company, opting to work toward an initial public offering.

Amazon Suing NY State Over Sales Tax Law

Amazon.com Inc has sued the state of New York, challenging a new statute requiring Internet retailers based elsewhere to collect New York sales taxes.

Amazon, the world's largest Internet retailer, said in a complaint filed in the Supreme Court of the State of New York on April 25 that the new law, passed by the state legislature in early April, was unconstitutional, vague and overly broad.

Through its "Associates Program," the company pays unaffiliated Web site operators around the country a commission if they advertise Amazon on their sites. Those ads often allow consumers to click through from the advertiser's Web site to Amazon.com.

The new law presumes that this amounts to solicitation of business in the state, a claim Amazon denies. Amazon has no "substantial" physical presence in the state, and independent advertisers are not authorized to act as Amazon's agents, according to the company's complaint.

Furthermore, Amazon claims the lawsuit unfairly singles out the company.

Seattle-based Amazon wants the law be declared invalid and to be awarded costs of the legal proceedings.

Besides newly appointed New York Governor David Paterson, Amazon also named the commissioner of New York's state department of taxation and finance as a defendant in the case.

Amazon.com said it had no further comment on the case.

Texas May Claim Amazon Owes Sales Taxes

Texas officials may claim that Amazon.com owes millions in sales taxes on purchases that state residents made from the Internet retailer.

A 1992 U.S. Supreme Court ruling lets states collect sales taxes from out-of-state retailers that have a "physical presence" in their state. Seattle-based Amazon runs a distribution center in Irving.

The Dallas Morning News reported in Friday's editions that it asked the Texas comptroller's office why the retailer didn't charge sales taxes on Texas customers. Robin Corrigan, a sales tax policy executive in the comptroller's office, said the agency didn't know Amazon operates a facility in the state.

Company officials "told me they don't have a distribution center in Texas," Corrigan said. "We will definitely send out a team to investigate."

Amazon media officials did not immediately return calls from The Associated Press for comment Friday.

Texas officials didn't say how much they think Amazon may owe, but Comptroller Susan Combs said in December that the state lost $541 million in sales taxes on Internet and mail-order sales during 2006.

The question of Texas taxes arose after Amazon sued the state of New York last month, saying it shouldn't have to pay sales taxes because it doesn't have a presence there.

The conflicts with Amazon are part of a larger debate over taxing Internet sales.

Some retailers, such as Plano-based J.C. Penney Co., have complained that competitors who don't collect sales taxes have an unfair advantage.

Legislation now pending in Congress would standardize the taxation of Internet sales while exempting small online retailers.

On its Web site, Amazon says purchases shipped to Kansas, Kentucky, North Dakota or Washington are subject to sales tax. It has operations in all four states. According to its Web site, it doesn't charge sales taxes in several other states where it also has operations, however.

EBay's PayPal Rule in Australia Draws Fire

EBay Inc. is exploring whether to require customers to use its online payment service PayPal, a move that has angered users and prompted antitrust scrutiny in Australia, where a PayPal-only rule takes effect next month.

It's unclear whether eBay will institute a similar policy in the United States and other countries. However, the online auction company often tries big changes in smaller markets before expanding them worldwide, and says it is open to that in this case.

"We are going to take learnings from it and apply them accordingly," said eBay spokesman Usher Lieberman.

EBay says it wants to reduce disputes and restore trust in its marketplace with the PayPal-only plan. Because eBay and PayPal can share information on each transaction, eBay says use of PayPal allows it to stop fraud more efficiently than outside payment services. Pressing that safety argument in a heated discussion with Australian users, an eBay executive compared the new rule to banning the sale of heroin on street corners.

But critics lament that PayPal is costlier than other payment options, and they suspect eBay is just interested in increasing PayPal's revenue. Australian banks say the plan will eliminate competition for the sake of exaggerated benefits.

"Competition will be restricted, innovation and development will be constrained, new entry will be discouraged and PayPal will be able to increase fees and charges to eBay users," the Australian Bankers Association said in a filing with regulators Thursday.

Because eBay sellers are commonly independent merchants who don't accept credit cards, PayPal acts as a go-between. Buyers use their credit cards and bank account information to make payments, and PayPal relays the funds to sellers' PayPal accounts, charging them 30 cents plus a commission - up to 4.4 percent in Australia. The second-most common method of payment on eBay Australia, bank transfers, cost 20 cents each.

Australia's bankers group says PayPal is not as immune to fraud as eBay claims. While PayPal does keep bank and credit card account information secret between trading partners, the bankers group decried that it does not verify identity as banks do.

EBay's financial reports indicate that PayPal, while hardly fraud-proof, is getting better at cracking down. Its loss rate is 0.24 percent, down from 0.33 percent a year ago. That means that for every $100 transacted

with the service, PayPal has to eat 24 cents because of fraud. That is slightly lower than the rates seen in credit and debit card transactions involving the top 20 online retailers, said Avivah Litan, a payments security analyst with Gartner Inc.

EBay contends that when users opt for methods like bank transfers, their transactions are four times more likely to result in a disputed payment. EBay says reducing that risk will attract new buyers to the site.

And, the company adds, it doesn't stand to profit directly from the PayPal rule. It claims its investments in new buyer protections could outweigh any gains from increased PayPal fees. For instance, under Australia's new plan, if a buyer doesn't get what he or she paid for via PayPal, eBay will refund the buyer up to 20,000 Australian dollars ($18,600).

To make the PayPal rule possible, eBay has applied for - and automatically gets - immunity from Australia's anti-monopoly Trade Practices Act. But the Australian Competition and Consumer Commission, which is investigating, could revoke that immunity if it finds the plan will harm the marketplace. A decision is expected soon.

Critics say eBay is just trying to fatten its bottom line. Growth in eBay's core auction listings has slowed in recent quarters, pushing eBay to expand other parts of its business, which includes PayPal, classifieds sites and online telecommunications service Skype. And eBay has already taken other steps viewed as protecting PayPal, such as banning Google Inc.'s rival Checkout service on alleged safety concerns months after it was launched in 2006.

Sellers in Australia are "absolutely furious" and resent that they are subjects of an experiment, said Phil Leahy, president of the 600-member Australia chapter of the Professional eBay Sellers Alliance.

Leahy sells DVDs, movies and CDs through eBay, a high-volume, low-margin business. He says using PayPal instead of bank transfers would cost him $4,700 per month, based on his January sales numbers of $332,000. "It's the difference between making money and not making money," he said.

Leahy estimates Australian buyers use PayPal about 50 percent of the time - eBay would not confirm the figure - versus an 85 percent rate in the United States. He said bank transfers are used in 30 percent of transactions. The rest are conducted with bank and personal checks, money orders, or cash on delivery, all of which are banned under eBay's new plan unless the payments are exchanged in person. That happens rarely.

Shaun O'Brien, a seller of home theater accessories, said many Australians trust their banking system more than online services like PayPal. He worries buyers will leave when they are deprived of a choice.

"Australians here have been heavily educated against putting credit card details online," O'Brien said. "There are plenty of customers out there that refuse to use PayPal."

The Australian experiment could lead to a less-stringent step: Perhaps eBay will require all sellers to at least offer PayPal as a payment choice. No matter how it turns out, however, eBay surely has more big plans for PayPal, which has grown steadily since the auction company bought the payment service in 2002. Last year it accounted for $1.9 billion in revenue, 25 percent of eBay's total.

In fact, eBay's top e-commerce executive, Rajiv Dutta, PayPal's former president, said last year he was convinced PayPal would someday be bigger than eBay's better-known auction and marketplace business.

Fees for '.org' Domain Names To Increase 10 Percent

Wholesale fees for Internet addresses ending in ".org" will increase 10 percent Nov. 9.

Public Interest Registry, which operates the ".org" domain name, disclosed the planned fee increase in a May 1 letter to the Internet's key oversight agency, the Internet Corporation for Assigned Names and Numbers. The fee increase does not require the organization's approval.

The per-name fee is what PIR collect annually from registrars, the companies that sell domain names on their behalf. Such charges are generally incorporated in the prices companies, groups and individuals pay to register names, and they apply to new registrations, transfers and renewals.

The increase brings the annual fee to $6.75. Last year, PIR imposed a 2.5 percent fee increase to $6.15.

PIR did not cite a reason in its letter.

With nearly 7 million names registered, ".org" is the world's sixth most popular domain name suffix. Although the suffix was originally intended for organizations like nonprofits, the designator is now open to anyone who wants to use it.

Earlier this year, VeriSign Inc., the company that keeps the master list of domain names ending in ".com" and ".net," also announced price increases. Effective Oct. 1, the annual fee for ".com" names will go up 7 percent to $6.86 and the ".net" fee will increase 10 percent to $4.23. Both suffixes also are available to any company, group or individual.

Free Software Takes on Microsoft Office

Pierre Avignon is no pirate, but he does not believe in paying for software. His computer is filled with programs like Symphony - a free suite that he downloaded from an International Business Machines Corp website (http://symphony.lotus.com).

It performs work for which he used to rely on Microsoft Corp's Word word processor, Excel spreadsheet and PowerPoint presentation builder, all components of the Microsoft Office software suite.

"It is free. It is a great deal," says Avignon, a 43-year-old graphics designer from West Newbury, Massachusetts.

Free software was once almost exclusively borne of a grass-roots effort - with an anti-Microsoft bent - seeking alternatives to paid software. The movement produced myriad programs, but only a handful of widely used

titles such as the Linux operating system.

Microsoft says Office has 500 million users.

Growth in the availability of broadband Internet access has spawned a new type of free software - programs that its developers host on their own servers and have designed to foster collaboration among users by making documents easy to share.

Google Inc and smaller Internet companies such as privately held Zoho offer free office suites over the Web. (http://docs.google.com and http://www.zoho.com).

Users don't have to install the programs or even keep documents on their own PCs.

You can't set up mass mailings or run sophisticated data analysis using most free, Web-based software, says Rebecca Wettemann, an analyst with Nucleus Research. But she says few people actually use such features.

Google Docs and other free programs are looking increasingly attractive to businesses, she said, as they seek ways to keep down their information technology budgets.

Microsoft's entry-level business version of Office costs $325 at Amazon.com, about triple the price of its version targeted at home users.

"Ninety percent of the users don't need all the functionality that Office provides," Wettemann said. "Ninety percent of people basically just use Excel to make lists."

More demanding users who don't want to pay may look to Symphony and its cousin, OpenOffice, a package developed by a nonprofit group that also includes a database program and drawing software.

Rob Tidrow, a computer programmer who has written several guides to using Microsoft Office, says that Symphony does not lack many features that even power users of Office need.

Tidrow, who just finished writing "IBM Lotus Symphony for Dummies," said he installed the IBM program on computers that his two children use, but it is also robust enough to meet the needs of churches, schools and small businesses.

"They can save hundreds, perhaps thousands, of dollars by using free software," he said.

Kirk Gregersen, a Microsoft product manager, says that cost is generally not a prime deciding factor for Office customers.

Surveys show that price is generally the eighth most important factor, he said.

And "free" has its setbacks.

"As soon as you say it's free, (people) feel less comfortable," says Avignon, who has encouraged friends to try Symphony but has won few converts. "They say 'What's the catch?"'

Even so, Microsoft is closely watching these products.

"We take the competition super-seriously," says Gregersen. "We have to, or we wouldn't be doing the right thing."

Comcast Mulling Net Usage Cap To Discourage 'Excessive' Use

Comcast Corp., the nation's second-largest Internet service provider, is considering setting an official limit on the amount of data that subscribers can download per month and charging a fee for those who go over.

As more consumers download movies and music online, Internet service providers have to grapple with how to manage their traffic so that bandwidth hogs don't slow down the network for the lighter users among the company's 14.1 million subscribers.

For years, Comcast directly called customers who used up several times more bandwidth than the typical subscriber's 2 gigabytes per month - for instance, by downloading hordes of movies. The big users were asked to reduce their use or have their accounts canceled.

Some Comcast customers have griped that the company hasn't been more forthcoming about the bandwidth ceiling at which they would get a call. Comcast's shift aims to improve transparency.

Comcast and other ISPs, however, may be acting too late to change consumer behavior, said Phil Redman, research vice president at Gartner Inc.

"Once you're on an unlimited plan, it's hard to go back," he said. "On the wireline side, it's almost an inalienable right to use as much bandwidth as you want for a set price."

A report that Comcast was considering limits on monthly use appeared in the online tech forum BroadbandReports.com and was confirmed Wednesday by the company.

Jennifer Khoury, a company spokeswoman, said Comcast is "currently evaluating this service and pricing model to ensure we deliver a great online experience to our customers."

Comcast describes excessive users as those who send, for instance, 40 million e-mails or download 50,000 songs a month.

One option is to cap the bandwidth usage at 250 gigabytes per month. If the 250 gigabytes is allotted for just downloads, that's enough to handle about 50 high-definition movies, 250 standard-definition movies or more than 6,000 songs every month.

If users exceed that cap, they could be charged $15 for every 10 gigabytes they go over.

Because the plan is still in its early stages, Comcast could still change the details or decline to impose any caps or charges.

Time Warner Cable Inc. is on track this year to roll out a test run of a plan to charge different rates depending on Internet use, said spokesman

Alex Dudley.

The trial in Beaumont, Texas, will offer five-, 10-, 20-, or 40-gigabyte plans to new customers priced tentatively from $29.95 to $54.95 a month. Those who go over will be charged a fee. Subscribers can check their bandwidth use through a Web site.

New York-based Time Warner said 5 percent of subscribers use 50 percent of the bandwidth.

Cox Communications in Atlanta said it has had usage caps on its Internet plans for three years. Consumers who go over the limit will be warned first, usually by e-mail, after which they will have service suspended until they call customer service. Spokesman David Grabert said customers appreciate that Cox has "clearly communicated ... what our limits are."

Bend Cable Communications, a cable operator in Bend, Ore., is already charging $36.95 to $74.95 a month for plans ranging from 10 to 100 gigabytes, with subscribers who go over the limit charged $1.50 per gigabyte.

Microsoft Appeals $1.4B EU Antitrust Fine

Microsoft Corp. on Friday said it has appealed a $1.39 billion fine imposed in February by the European Commission for the company's failure to comply with a 2004 antitrust order.

Spokesman Jack Evans said Microsoft filed an application with the Court of First Instance in Luxembourg to annul the Commission's decision.

"We are filing this appeal in a constructive effort to seek clarity from the court," Evans said in an e-mailed statement. He declined to elaborate.

The fine had marked the tentative end to a long-running fight between the European Union and Microsoft, triggered by a 1998 complaint by Sun Microsystems Inc. Sun alleged Microsoft was refusing to supply all the information servers need to work with its market-dominating Windows operating system.

Microsoft later made the information available to rivals, but the EU said it charged "unreasonable prices" until last October. European antitrust regulators have also required the Redmond-based company to sell a version of Windows without media player software.

In all, the company has been fined just under $2.63 billion by European regulators over the years.

Microsoft's tussles with the EU were renewed when regulators launched new probes in January. The European Commission is examining whether Microsoft illegally gives away its Internet Explorer browser for free with Windows, and whether the software maker withheld information from companies that wanted to make products compatible with its software, including Office word processing and spreadsheet tools and some server products.

Since then, Microsoft has pledged to make those protocols freely

available for noncommercial uses and available at low royalty rates for commercial software developers.

US Lawmakers Introduce New Net Neutrality Bill

Two Democrats in the U.S. House of Representatives have introduced a bill that would subject broadband providers to antitrust violations if they block or slow Internet traffic.

Representative John Conyers, a Michigan Democrat and chairman of the House Judiciary Committee, has sponsored the Internet Freedom and Nondiscrimination Act along with Representative Zoe Lofgren, a Democrat from the Silicon Valley area of California.

The legislation requires Internet service providers to interconnect with the facilities of other network providers on a reasonable and nondiscriminatory basis. It also requires them to operate their networks in a reasonable and nondiscriminatory manner so that all content, applications and services are treated the same and have an equal opportunity to reach consumers.

Any ISPs that do not follow these net neutrality rules would be subject to antitrust enforcement.

The legislation, introduced Thursday, earned praised from some consumer and online rights groups. Large broadband and mobile phone service providers have begun to discriminate against some content, with Comcast saying it has slowed some customer access to the BitTorrent peer-to-peer protocol during times of network congestion, they say. Other broadband providers have talked about managing their networks or asking some popular Web sites to pay more for fast service, net neutrality advocates have said.

"The bill squarely addresses the issue of the enormous market power of the telephone and cable companies as the providers of 98 percent of the broadband service in the country," said Gigi Sohn, president of Public Knowledge. "The bill restores the principle of nondiscrimination that allowed the Internet to flourish in the dial-up era, making certain that the same freedom and innovation will flourish in the broadband era without burdensome regulation."

But broadband providers and some congressional Republicans have argued that net neutrality legislation isn't necessary. The broadband market is becoming more competitive and net neutrality regulations could hamper investment in broadband networks, some Republicans said during a hearing this week.

Competition is happened at "all levels of the Internet," Representative Fred Upton, a Michigan Republican, said this week. "Our hands-off policy is working."

Conyers and Lofgren were cosponsors of a similar bill introduced in 2006, when Republicans held a majority in the House. With significant Republican opposition, the 2006 bill died, but Democrats were elected to the majority late that year.

"Americans have come to expect the Internet to be open to everyone,"

Conyers said in a statement. "The Internet was designed without centralized control, without gatekeepers for content and services. If we allow companies with monopoly or duopoly power to control how the Internet operates, network providers could have the power to choose what content is available."

100 E-mail Bouncebacks? You've Been Backscattered

The bounceback e-mail messages come in at a trickle, maybe one or two every hour. The subject lines are disquieting: "Cyails, Vygara nad Levytar," "UNSOLICITED BULK EMAIL, apparently from you."

You eye your computer screen; you're nervous. What's going on ? Have you been hacked? Are you some kind of zombie botnet spammer?

Nope, you're just getting a little backscatter - bounceback messages from legitimate e-mail servers that have been fooled by the spammers.

Spammers like to put fake information in their e-mail messages in order to sneak them past e-mail filters. Because e-mail filters now just delete messages that come from nonexistent domains, the spammers like to make their messages look like they come from real e-mail addresses. That means, if your e-mail address has been published on the Web somewhere, you're a prime candidate for backscattering.

The spammer finds your address, or sometimes even guesses it, and then puts it in the "from" line of his messages, sending them out to hundreds of thousands of recipients. When the spam gets sent to an address that is no longer active, it can sometimes be bounced back... to you.

Although Sophos estimates that backscatter makes up just two percent or three percent of all spam, antispam vendors say these messages are on the rise lately.

Users often think that the backscatter may be a sign that their computer has been hacked and is sending out spam messages, said Brad Bartman, a global support manager with Text 100, a public relations consultancy. "They look at it and they're like, 'Whoa, is my PC infected with a virus?'" he said.

Backscatter rarely hits more than one or two employees at the same time, so it isn't particularly disruptive. But it does worry users, he said. "It's mostly a psychological thing."

With their e-mail addresses widely circulated on press releases, Text 100's PR specialists are the ideal candidates for backscatter.

Because backscatter comes from legitimate mail servers, it can cause special problems. In fact, some security researchers believe that the spammers have been intentionally sending messages that will be bounced back as a way to sneak around spam filters. That's because some mail servers bounce back the original message as part of their notice.

Dan Wallach, like Text 100's Bartman, was hit with a flood of backscatter messages earlier this week. Wallach, an associate professor with Rice University's Department of Computer Science, said that many of the messages he received contained links to suspicious executable files

hosted on different Web sites.

"I'll bet that some spammer is rationally thinking 'error messages! Maybe I can get my message through via error messages!'" Wallach said in an e-mail interview. "They don't need many responses before this sort of tactic could be considered to be a success."

At its worst the phenomenon can even wipe Internet servers off the map.

Last month, Stephen Gielda, president of Packetderm, upset a fraudster who was trying to use his anonymous Internet service. Soon his servers were inundated with a tidal wave of backscatter messages. At one point, he was being hit by 10,000 bounceback messages per second, enough to throttle the server's Internet connection.

Gielda had to take his site off-line for five days as he waited for the problem to abate. "I'm used to backscatter, but I'd never seen it at this level before," he said.

While backscatter is extremely hard to filter out, it is a problem that can be fixed.

Backscatter comes in three varieties: messages from mail servers, saying that there is no such user available; "out of office" automated reply messages; and so-called challenge-response messages, which tell the sender that his message will be delivered only once he responds to the bounceback and confirms that the e-mail is coming from a legitimate address.

Security experts say that people should simply stop using these last two types of bounceback messages.

As for "no such user" bouncebacks, that can be fixed too. There are a few e-mail standards that could help with the problem: Variable Envelope Return Path(VERP) and Bounce Address Tag Validation (BATV), for example.

But the problem would largely disappear if server administrators configured their mail servers to immediately reject mail that is sent to nonexistent users, rather than accepting it and then bouncing it back to the faked addresses. Some ISPs (Internet service providers), AOL for example, have done this and have largely eliminated their role in the problem.

If there is spam in the backscatter message, antispam software should filter it out, but if a message has an ambiguous subject line, like "Hey" and the spam message stripped out, the backscatter will look like a legitimate bounceback and is probably going to get through, said Dmitry Samosseiko, manager of Sophos Labs Canada.

"This is a serious problem that is hard to deal with, to be honest," he said. "We can blame spammers for causing the issue in the first place, but it exists because of the mail servers that are not configured to deal with spam."

'Crimeserver' Discovered with Treasure Trove of Stolen Data

Cybercriminals collect a treasure trove of data from Web surfers whose

computers are infected with Trojans. That's all-too-common news these days, but a recent case shows that the problem is getting worse. Finjan Inc., which makes secure Web gateway products, discovered a server in Malaysia being used by hackers to store more than 1.4 gigabytes of stolen data. What surprised the Finjan researchers was that the data was stolen from businesses as well as individuals - and it was amassed in just three weeks.

Yuval Ben-Itzhak, Finjan's chief technology officer, told us that there were other surprises from the discovery of the Malaysian-based "crimeserver" that was being used as a command-and-control center for the Trojans installed on infected PCs around the world.

"Quite often we see end-user online banking information being logged, but on this server we found a lot of business-related data, such as e-mail communications, patient medical histories, and even screenshots of Outlook," he said. This compromised information could lead to a host of problems for an organization, from violations of federal regulations about patient privacy to the loss of critical business information.

Ben-Itzhak said the crimeserver was left totally open so that data could be accessed by anyone. The Finjan report about the attack surmised that crimeware is evolving with a new and alarming customer-service focus.

"Crimeware has reached a new level of sophistication. After the birth of sophisticated crimeware toolkits, closely followed by Crimeware-as-a-Service (CaaS), we now see the availability of user data as a 'customer' service by granting open access to the crimeware server with the harvested data."

Finjan researchers noted that the Malaysian server had changed hosting locations a number of times between late last year and the time the crimeserver was discovered, "likely to prevent it from being closed down by the ISP/hosting provider in case of complaints."

The stolen data came to the crimeware server after Web surfers were infected via well-known vulnerabilities, Ben-Itzhak said. "We found several Internet Explorer, Yahoo Messenger, and AOL Messenger vulnerabilities that were used to exploit the browsers of those who were visiting the sites," he said. "Once the browser exploit is running, the Trojan is installed."

He told us that neglecting to update third-party applications creates an opportunity for infection. "People and businesses are making a lot of effort to install updates from Microsoft every second Tuesday of the month, but they forget to install updates of the other applications running in Windows like instant messaging, Flash and PDF, and that's exactly where these criminals are going now."

Keeping operating systems and other applications (including Skype, WinZip, and other non-Microsoft software) updated and patched will help minimize the risk of infection by Trojans, Ben-Itzhak advised. He added that reactive security measures such as signature-based antivirus and URL filtering were important steps, but said they should be augmented with proactive measures that detect malicious code based on suspicious behavior (for example, trying to install software or send out data).

Those measures are critical, he said, because while the Malaysian crimeware server was quickly shut down, "the criminal is still there."

Facebook, States Set Bullying, Predator Safeguards

Facebook, the world's second-largest social networking Web site, is
adding more than 40 new safeguards to protect young users from sexual
predators and cyberbullies under an agreement with officials nationwide
that was announced Thursday.

The measures include banning convicted sex offenders from the site,
limiting older users' ability to contact subscribers under 18 and
participating in a task force set up in January to find ways to verify
users' ages and identities.

"The agreement marks another watershed step toward social networking
safety, protecting kids from online predators and inappropriate
content," said Connecticut Attorney General Richard Blumenthal, who
announced the agreement Thursday with his counterparts in other states.

Officials from Washington, D.C., and 49 states have signed on.

Facebook, which has more than 70 million active users worldwide, already
has enacted many of the changes and others are in the works, its
officials said Thursday.

"Building a safe and trusted online experience has been part of Facebook
from its outset," said Chris Kelly, Facebook's chief privacy officer.
"The attorneys general have shown great leadership in helping to address
the critical issue of Internet safety, and we commend them for
continuing to set high standards for all players in the online arena."

Texas did not endorse the agreement or a similar one reached in January
among the other states, the District of Columbia and MySpace, the
world's largest online social network with 200 million users worldwide.

Texas officials say they want the sites to work faster on verifying
users' ages and identities.

The attorneys general have been negotiating for months with Palo Alto,
Calif.-based Facebook.

"Social networks that encourage kids to come to their sites have a
responsibility to keep those kids safe," North Carolina Attorney General
Roy Cooper said. "We've now gotten the two largest social networking
sites to agree to take significant steps to protect children from
predators and pornography."

MySpace, Facebook and other online networks have created a new venue
where sexual predators could lie about their age to lure young victims
to chat, share images and sometimes meet in person, law enforcement
officials said.

The networks also have empowered cyberbullies, who have sent threatening
and anonymous messages to classmates, acquaintances and other users.

John Palfrey, executive director of the Berkman Center for Internet and
Society at Harvard University, said research shows online bullies are
far more common than sexual predators.

"It's very rare for an adult to meet a child on a social network and to do them harm, although the ones that do occur get a huge amount of attention, and they are terrible," he said.

Online bullying, whether through instant-message programs or social networks, is on the rise, he said.

The issue has gained national attention after recent high-profile cases, including the 2006 suicide of a 13-year-old Missouri girl who was victimized by an Internet ruse. Megan Meier hanged herself after receiving nasty online comments from a MySpace friend who turned out to be fictional, invented by two acquaintances and the mother of one of those girls.

Other children have been the subjects of harassment campaigns, including whole sites set up to deride them.

"What's going on online is not much different than bullying on the playground," Palfrey said. "It just happens to be playing out in public spaces where kids are spending a lot of time online."

Facebook lets users block online bullies and others from contacting them. They also can conceal their "online now" status and use privacy controls to limit who can view their images and other measures.

Among other measures, Facebook agrees to:

* Ensure companies offering services on its site comply with its safety and privacy guidelines.

* Keep tobacco and alcohol ads from users too young to purchase those products.

* Remove groups whose comments or images suggest they may involve incest, pedophilia, bullying or other inappropriate content.

* Participate in the Harvard-based task force set up in January under the national agreement with MySpace. It includes scholars, a prosecutor, businesses, state officials and child safety advocates.

* Send warning messages when a child is in danger of giving personal information to an adult.

* Review users' profiles when they ask to change their age, ensuring the update is legitimate and not intended to let adults masquerade as children.

The protections included in the MySpace and Facebook pacts could be expanded to smaller services such as Friendster and Bebo, Blumenthal said.

"We're entering a new era in social networking safety," Blumenthal said. "This agreement is open-ended in envisioning advances in technology that will permit even stronger steps in the future toward protecting kids' safety."

EBay To Turn On Feedback System Changes

EBay will roll out a host of changes to its feedback mechanism this month

globally, including the controversial elimination of sellers' ability to leave negative feedback for buyers.

EBay announced the feedback changes along with modifications to other areas like its fee structure in January, prompting many sellers to complain and even organize a strike.

However, eBay has stuck to its guns and proceeded to implement the changes, seeking opinions from buyers and sellers while refining and modifying some details.

For eBay, the overarching goal for the changes is to improve the buying experience within the marketplace and lead sellers to improve in areas like shipping, fulfillment and communication.

One key area eBay identified as in need of improvement was its feedback process, intended to let buyers and sellers rate their interactions with each other.

With this review system in place, users could rate and find out the quality of buyers and sellers, propping up those who played by the rules and warning against inept or malicious participants.

Unfortunately, according to eBay, the feedback system in recent years became an increasingly common retaliatory tool used mostly by sellers to punish and intimidate buyers.

This in turn yielded artificially inflated positive ratings for many sellers, while discouraging buyers from leaving candid and honest feedback and from making future purchases, according to eBay.

To remedy this, sellers now will only be able to leave a positive rating for buyers. Meanwhile buyers will retain their ability to rate sellers both in general - positive, neutral or negative - and in more detailed ways. In addition, eBay is doing away with its "mutual feedback withdrawal" option, which allowed a buyer and a seller to agree to simultaneously remove the ratings they had given each other.

To counterbalance the sellers' loss of power, eBay is instituting several measures, such as removing negative and neutral ratings left by buyers who don't respond to complaints that they didn't pay for their items. Moreover, eBay will from now on - and retroactively - remove negative and neutral ratings on sellers from buyers who are suspended from the marketplace.

EBay is also giving sellers new options to proactively block certain buyers from doing business with them, such as those who have a certain number of unpaid-item and policy-violation claims. In addition, eBay is launching a new reporting hub that sellers can use to inform eBay about problematic buyers.

While eBay is to be commended for striving to improve the buying experience, the feedback changes could use further refinement and review, said Jonathan Garriss, executive director of the Professional eBay Sellers Alliance (PESA), a group of large sellers that has often been highly critical of eBay.

For starters, eBay has never been very aggressive or particularly interested in disciplining buyers who violate its policies, so the new reporting hub and the negative-feedback removal of bad buyers will have

little effect unless eBay pumps up its enforcement, Garriss said. "Supposedly, eBay has always been policing buyer behavior, but it never happened quite right," he said. "Many sellers will confirm that buyers have tended to not be held to the rules."

Garriss, also CEO of Gotham City Online, an apparel store on eBay is also concerned about what he calls a lack of transparency in the detailed ratings that buyers can leave for sellers. As it stands now, sellers get aggregate results every month for these so-called DSRs (detailed seller ratings), and don't know how individual buyers rated them.

This lack of transparency lends itself to buyer retaliation, and more so since eBay this year started tying DSRs to sellers' visibility on search engine results and to fee discounts, Garriss said. Now that sellers can only leave positive ratings for buyers, eBay should tie specific DSR evaluations to individual buyers, thus giving sellers a chance to, if necessary, defend themselves from unfair actions, he said. DSRs let buyers rate sellers specifically in four areas with a scale of one to five stars: accuracy of item description, communication, shipping time, and shipping and handling charges.

Nonetheless, Garriss said that PESA has been encouraged by eBay's willingness to listen to sellers' concerns, and by the company's pledge that the changes in feedback and other areas are open to revision.

Brian Burke, eBay's director of global feedback policy, said that there will always be sellers who are intensely opposed to the feedback changes and buyers who will try to abuse the system, but eBay is convinced that ultimately everyone will benefit.

"Most of the sellers understood why were doing what we were doing even back in January when we made the announcement," Burke said.

"There will still be sellers upset about the changes, and some buyers will try to abuse it. Hopefully, the reporting structures we've put in place and the policy changes will provide sellers with the protections they need, and we'll correct things as needed on that front," he said.

This is the global rollout schedule for the feedback changes:

May 12: Australia

May 15: U.K., Ireland

May 19: US, Canada

May 20: France, Spain, Italy, Netherlands, Poland, Belgium

May 21: Hong Kong, Singapore, India, Malaysia, Philippines

May 22: Germany, Austria, Switzerland

Some changes will be implemented the week of May 27 worldwide.

                    US Court Halts Adult Site's E-mail Operation

A U.S. judge has ordered the halt to an e-mail campaign by the operators

of adult Web sites after complaints by the U.S. Federal Trade Commission and the Department of Justice that the e-mail messages violated an antispam law.

Affiliates of ATM Global Systems, operator of adult Web sites including Sexyfriendsearch.com and Funhookups.com, sent out unsolicited e-mail with false or misleading header information, and failed to include an opt-out mechanism and a valid postal address, all violations of U.S. law, the FTC said in a press release on Tuesday.

A May 2 order from the U.S. District Court for the Northern District of Illinois, Eastern Division, bars the company and owners Mark Richman and Nathaniel Seidman from further violations of the U.S. CAN-SPAM Act. It also requires the company to establish an affiliate monitoring program and imposes a US$75,000 civil penalty, the FTC said.

A representative of ATM Global Systems didn't immediately return a phone message seeking comment on the court order.

The company, based in Boca Raton, Florida, has used affiliates to drive users to its Web sites since January 2006 or earlier, the FTC said. The affiliates, paid commissions for referrals who signed up as members of the Web sites, sent spam with "lurid" subject lines, the agency said.

The e-mail messages included false header information, making it difficult for recipients to determine the identity of the sender, the FTC said.

The judge's order included a civil penalty of $442,900 - the amount the defendants made from the spamming operation - and all but $75,000 was suspended, based on the defendants' ability to pay, the FTC said. If the court finds the defendants misrepresented their financial status, the rest of the penalty will be due.

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